

COMMITTEE REPORT

MR. PRESIDENT:

The Senate Committee on Finance, to which was referred Senate Bill No. 17, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

- 1 Page 1, delete lines 11 through 17, begin a new paragraph and
- 2 insert:
- 3 **"Sec. 3. A qualified taxing unit may apply to the board for one**
- 4 **(1) or more loans from the counter-cyclical revenue and economic**
- 5 **stabilization fund. The board may make a loan from the fund to the**
- 6 **qualified taxing unit if:**
- 7 **(1) a taxpayer with tangible property subject to taxation by**
- 8 **the qualified taxing unit has filed a petition to reorganize**
- 9 **under the federal bankruptcy code;**
- 10 **(2) the taxpayer has defaulted on one (1) or more of its**
- 11 **property tax payments;**
- 12 **(3) the qualified taxing unit has experienced and will continue**
- 13 **to experience a significant revenue shortfall as a result of the**
- 14 **default; and**
- 15 **(4) the taxpayer is a steel manufacturer.**
- 16 **Sec. 4. (a) The board shall determine the terms of a loan made**
- 17 **under this chapter. However, interest may not be charged on a**
- 18 **loan, and a loan must be repaid not later than ten (10) years after**
- 19 **the date on which the loan was made. The total amount of all the**
- 20 **loans made under this chapter may not exceed twenty-eight million**
- 21 **dollars (\$28,000,000). The board may disburse the proceeds of a**

1 loan in installments.

2 (b) A loan made under this chapter shall be repaid only from:

3 (1) property tax revenues of the qualified taxing unit that are
4 subject to the levy limitations imposed by IC 6-1.1-18.5 or
5 IC 6-1.1-19; or

6 (2) any other source of revenues (other than property taxes)
7 that is legally available to the qualified taxing unit.

8 The payment of any installment of principal constitutes a first
9 charge against the property tax revenues described in subdivision
10 (1) that are collected by the qualified taxing unit during the
11 calendar year the installment is due and payable.

12 (c) The obligation to repay a loan made under this chapter is not
13 a basis for the qualified taxing unit to obtain an excessive tax levy
14 under IC 6-1.1-18.5 or IC 6-1.1-19.

15 (d) Whenever the board receives a payment on a loan made
16 under this chapter, the board shall deposit the amount paid in the
17 counter-cyclical revenue and economic stabilization fund.

18 (e) This section does not prohibit a qualified taxing unit from
19 repaying a loan made under this chapter before the date specified
20 in subsection (a) if a taxpayer described in section 3 of this chapter
21 resumes paying property taxes to the qualified taxing unit.

22 Sec. 5. (a) The maximum amount that the board may loan to a
23 qualified taxing unit is determined under STEP FOUR of the
24 following formula:

25 STEP ONE: Determine the amount of the taxpayer's property
26 taxes due and payable in November 2001 that are attributable
27 to the qualified taxing unit as determined by the department
28 of local government finance.

29 STEP TWO: Multiply the STEP ONE amount by 1.031.

30 STEP THREE: Multiply the STEP TWO product by 2.

31 STEP FOUR: Add the STEP ONE amount to the STEP
32 THREE product.

33 Sec. 6. (a) As used in this section, "delinquent tax" means any
34 tax:

35 (1) owed by a taxpayer in a bankruptcy proceeding initially
36 filed in 2001; and

37 (2) not paid during the calendar year in which it was first due
38 and payable.

39 (b) Except as provided in subsection (d), the proceeds of a loan
40 received by the qualified taxing unit under this chapter are not
41 considered to be part of the ad valorem property tax levy actually
42 collected by the qualified taxing unit for taxes first due and payable

during a particular calendar year for the purpose of calculating the levy excess under IC 6-1.1-18.5-17 and IC 6-1.1-19-1.7. The receipt by a qualified taxing unit of any payment of delinquent tax owed by a taxpayer in bankruptcy is considered to be part of the ad valorem property tax levy actually collected by the qualified taxing unit for taxes first due and payable during a particular calendar year for the purpose of calculating the levy excess under IC 6-1.1-18.5-17 and IC 6-1.1-19-1.7.

(c) The proceeds of a loan made under this chapter must first be used to retire any outstanding loans made by the department of commerce to cover a qualified taxing unit's revenue shortfall resulting from the taxpayer's default on property tax payments. Any remaining proceeds of a loan made under this chapter and any payment of delinquent taxes by the taxpayer may be expended by the qualified taxing unit only to pay obligations of the qualified taxing unit that have been incurred under appropriations for operating expenses made by the qualified taxing unit and approved by the department of local government finance.

(d) If the sum of the receipts of a qualified taxing unit that are attributable to:

(1) the loan proceeds; and

(2) the payment of property taxes owed by a taxpayer in a bankruptcy proceeding and payable in November 2001, May 2002, or November 2002;

exceeds the sum of the taxpayer's property tax liability attributable to the qualified taxing unit for property taxes payable in November 2001, May 2002, and November 2002, the excess as received during any calendar year or years shall be set aside and treated for the calendar year when received as a levy excess subject to IC 6-1.1-18.5-17 or IC 6-1.1-19-1.7. In calculating the payment of property taxes as referred to in subdivision (2), the amount of property tax credit finally allowed under IC 6-1.1-21-5 in respect to those taxes is considered to be a payment of those property

- 1 **taxes."**
- 2 Delete pages 2 through 3.
- 3 Page 4, delete lines 1 through 2.
(Reference is to SB 17 as introduced.)

and when so amended that said bill do pass .

Committee Vote: Yeas 11, Nays 0.

Senator Borst, Chairperson